



Proposed S.B. No. 647 AN ACT STREAMLINING THE LIQUOR CONTROL ACT

H.B. No. 7183 (Raised) AN ACT CONCERNING ALCOHOLIC LIQUOR WHOLESALER PERMITS

H.B. No. 7184 (Raised) AN ACT CONCERNING THE LIQUOR CONTROL ACT

I want to start by thanking the Committee co-chairs, Senator John Fonfara and Representative Michael D'Agostino, the Vice-chairs, Senator Carlo Leone and Representative Bobby Gibson, and the ranking members, Senator Kevin Witkos and Representative Holly Cheeseman.

My name is Michael Dolan, and I am representing the Connecticut Beer Wholesalers Association

The Connecticut Beer Wholesalers Association (CBWA) joins with the Wine & Spirits Wholesalers of Connecticut and the Connecticut Package Store Association in opposing House Bill 7183, House Bill 7184 and Senate Bill 647, bills that significantly harm Connecticut's alcoholic beverages industry.

For many years, we've worked collaboratively with our partners at the thousands of restaurants and package stores that have served Connecticut residents safely and responsibly.

Together, we represent thousands of employees at small, family owned businesses that are and always will be part of the fabric of Connecticut.

What we're advocating for today is awareness that changes to any part of the three-tiered system has repercussions in other parts of the system, repercussions that affect people's jobs and their livelihood.

We also want to point out that the distributors in the CBWA work everyday with Connecticut's craft brew industry, both in the delivery and marketing of their products.

It's this spirit of collaboration that led us to host the state's first "Beer Summit" last week.

While we plan to outline our opposition to certain bills that have been raised this session, our ultimate goal is to continue that conversation so that the industry can come together in a way that allows all levels of the three tiered system to thrive.



CBWA and the State of Connecticut: Partners Working for the Public

The Connecticut Beer Wholesalers Association (CBWA) represents seven family-owned businesses with a mission of responsibility in partnership with the state of Connecticut.

Historically, Manufacturers, establish their distribution networks by assigning territories to distributors that the manufacturer selects based on sound business considerations, including maintaining a higher level of accountability and service required by distributors.

These territories allow us to ensure the collection of the excise tax, bottle return and remittance of the escheat's payment.

They also require distributors to take full responsibility for the safe and efficient delivery of a controlled substance to authorized permittee's and ensure public safety of recalled products.

Simply put, distributors get the call if a recall is necessary. The system of defined territories has proven critical in deploying rapid product safety recalls and has repeatedly averted potential harm to the public.

For example, when over-consumption of fruity-tasting drinks with an alcohol content equivalent to five shots of vodka resulted in the hospitalization of students. The Governor requested Connecticut distributors remove the product from outlets. Immediately, Connecticut distributors communicated throughout the distribution network to remove the product.

In 2018 there was a voluntary recall of select packages of beer that had the potential of containing particles of glass. Upon detecting a manufacturing defect in bottles produced by a third-party vendor, a voluntarily recalled occurred out of concern for consumer safety. Because there was even a small chance of pieces of glass breaking off, the supplier immediately engaged its distributor network to remove and replace the at-risk product. In a matter of hours, because distributors are in place for the safe and responsible delivery of beer, when timely action was required, it happened.

Distributors also help to ensure product quality.

Because beer is a perishable product, a distributor is responsible for monitoring and providing the freshness of their product throughout their specified territories. Distributors work to preserve beer by using temperature-controlled storage facilities and transportation systems. Once delivered, distributors monitor keg lines, shelves and taps to guarantee a fresh product for consumers.



As noted earlier, distributors also administer the Bottle Law. If a bottle is returned in a distributor's territory, responsibility for the appropriate reclamation of the bottle is assured. Distributors are the mechanism through which Connecticut is able to enforce the Bottle Bill requirements and collect the escheat's on behalf of the State. This simply won't happen without defined territories.

The family owned distributors are also important members of their communities.

Distributors are proud to work with Community Leaders to provide career opportunities to Connecticut residents who often face challenges re-entering the workforce. They not only provide jobs to those that face barriers to employment, but also offer training, education, and networking.

Opposition to House Bill 7183

The franchise protections of Connecticut's Liquor Control Act that H.B. 7183 seeks to eliminate provides that if a wholesaler has had the distributorship of a product for six (6) months or more in a specified territory, the manufacturer of that product cannot terminate a distributor or diminish the scope of its territory unless the manufacturer can satisfy the Department of Consumer protection that it has "just and sufficient cause" for terminating the wholesaler or diminishing its territory.

Distributors recognize that brewer-distributor relationships sometimes require change, and our experience in Connecticut speaks to this. Our State's beverage alcohol industry has a well-documented history of brand trades, buyouts, releases, and — in those rare instances when it becomes necessary — a user-friendly and expeditious administrative procedure through which a brewer can terminate a distributor for just cause.

Case in point, after selling its brands in Connecticut for many years, in 1996, Yuengling consolidated its markets in New England. In August 2013, Connecticut distributors released their rights to these brands, giving Yuengling the opportunity to establish their distribution networks.

Connecticut distributors "stepped up and did the right thing," expressed Dave Casinelli, Yuengling's Chief Operating Officer, "I respect them immensely for that."

We would do no less for anyone else because we believe in the integrity of the system.

Opposition to House Bill 7184

Since 2012, big box retailers have lobbied unsuccessfully to dismantle a regulatory system with a proven track record of keeping our communities safe, keeping jobs in



Connecticut and providing unparalleled service and product selection to Connecticut consumers. These proposals represent yet another attempt to roll back these protections and will lead to large corporate retailers driving out small locally owned family businesses.

Opposition to Senate Bill 647

While we support certain components of this bill, overall our opposition lies in the fact that like H.B. 7184, it will have a negative impact on small businesses. However, we do support applying the excise tax to the sale of beer at a tap room, the requirement for brewers engaged in self-distribution to make that product available to all package store owners in the area and the application of the bottle deposit tax on all products that originate from state based manufacturers.

In short, H.B. 7183, H.B. 7184 and S.B. 647 represent a fundamental risk to Connecticut's alcoholic beverage marketplace by jeopardizing the distributor's partnership with the State of Connecticut and with thousands of small, family owned retailers and restaurants.

We ask you to oppose House Bill 7183, House Bill 7184 and Senate Bill 647.

Thank you